

February 27, 2008

SUBJECT: Guidance for Performance Appraisal Processing for the Cycle Ending March 31, 2008 and for the Upcoming Change in Performance Appraisal Cycle

TO: Administrator's Council
Deputy Area Directors
AFM Division Directors
Area Personnel Assistants
Administrative Officers

FROM: Kit Hoyle
Chief, REE Services Branch
Human Resources Division

This memorandum provides guidance for completing annual performance ratings for the cycle ending March 31, 2008. This guidance is under Part I below. In addition, we are also including information for managing the performance cycle that begins April 1, 2008. This will be a shorter, transitional cycle in order to accomplish USDA's requirement that all agencies appraise employees on a fiscal year rating cycle. The cycle will end September 30, 2008. This information is under Part II.

Part I - Processing Performance Appraisals for Rating Cycle Ending March 31, 2008

Upon receipt of this memo, rating officials should develop reasonable due dates for receipt of employee accomplishment reports and should prepare to schedule performance reviews. Planning for this process in advance facilitates the timely initiation and processing of performance appraisals and awards.

A. Completion of Performance Appraisal Forms (AD-435P)

The Performance Appraisal form (AD-435P) is located in the REE E-Forms Library at:

<https://reeforms.ars.usda.gov/reeforms/>

Attached are Employee Listings that identify the employees who require ratings this cycle and provide the information necessary to complete the upper section of each AD-435P.

Employees who have been in their positions and under performance standards for 90 calendar days or more are ratable and must receive an appraisal using the AD-435P. If an employee has not been covered under standards for the minimum appraisal period of 90 calendar days, the appraisal period for that employee should be extended to meet the 90 day requirement, at which time the employee must receive a rating of record. Employees who retire or separate after the end of the rating cycle and were covered under a performance plan for at least 90 days in the rating cycle should be appraised and receive a performance award in keeping with Area or Headquarters Staff policy. Employees should submit an accomplishment report, preferably

before their departure. For questions about unusual circumstances, please contact this office for guidance.

In order to effectively assist an employee who receives a less than fully successful summary rating, supervisors should contact their servicing Employee Relations Specialist immediately upon making that determination. A written, supervisory justification must be prepared when a rating of record of 'Unacceptable' is given.

Key points for preparing and approving ratings:

- employees should be asked to submit written accomplishments of their performance to aid the rating and reviewing officials in preparing ratings;
- the rating official must discuss the tentative rating with the reviewing official and receive his/her approval **before** discussing it with the employee;
- the rating official and the reviewing official cannot be the same person and the reviewing official must be at a higher organizational level than the rating official (usually the rating official's supervisor);
- an employee's signature on the AD-435P constitutes receipt of the appraisal. It does not necessarily mean the employee agrees with the rating given. If an employee chooses not to sign his/her AD-435P, a note should be written in the employee signature box stating, "Performance review was held on (date) and the employee declined to sign."

After the rating and reviewing officials have signed the AD-435P, the performance discussion has taken place, and the employee has signed his/her AD-435P, a copy of the form should be made for the employee and a copy should be retained in the supervisor's records. Performance rating and awards documentation to be sent to HRD is provided in section C below.

B. Completion of Award Forms (AD-287-2)

A Recommendation and Approval of Awards form (Form AD-287-2) must be prepared for each award nomination. Employees rated Fully Successful or above are eligible for performance awards based on the applicable Headquarters Staff Office or Area policy.

- All performance-based cash awards, Quality Step Increases (QSIs) and time off awards require a written justification. QSIs are discussed further below. An employee's written accomplishments may be used as the justification for an award. NOTE: this is a change from guidance in previous cycles. If employee accomplishments are not available, a written supervisory justification must be provided. An award justification should include a narrative description of the employees' achievements and the impact of the achievements.
- A QSI may be recommended only for those employees who: 1) receive an Outstanding rating and 2) have not received a QSI within the last 52 weeks. In previous years, annual guidance on preparing and processing performance ratings included a statement that QSIs should not be recommended for employees who were promoted or reassigned 'near the end' of the performance cycle. The intent of this guidance was to highlight that QSIs are the very highest form of performance recognition and that a change in an employee's position and/or level of responsibility during the rating cycle should be considered in determining an appropriate award. Specifically, QSIs may be appropriate when the Outstanding rating assigned the employee is based primarily on the employee's performance *since* the promotion/reassignment. This supports the intent of QSIs to

recognize not only Outstanding performance, but the expectation that performance is expected to continue at a very high level. Thus, when an Outstanding rating is based primarily on performance *preceding* a promotion/reassignment, an assessment should be made as to whether the employee has achieved a sufficiently high level of *performance in the new position* to warrant a QSI. If not, a performance-based cash award or time off award should be considered.

A copy of the employee's accomplishments or supervisory justification provided for the Outstanding rating will be sufficient documentation for the QSI. QSIs that will move an employee to the 4th or 7th steps of a grade will extend the employee's current within-grade waiting period by one year. For specific questions regarding QSIs, refer to your servicing Human Resources Specialist or to this office.

Since performance awards, time off awards, and QSIs are based upon the annual performance rating, an employee may not be recommended for more than one award in this category. However, recognizing specific accomplishments or achievements during this time period with other awards such as extra effort or non-monetary is permitted.

A citation must be provided in Block 11 of AD-287-2 for performance-based cash awards, time off awards and QSIs. The following citation is recommended:

"This award is based upon an official performance appraisal rating of **(Fully Successful, Superior, or Outstanding)** for the rating period April 1, 2007 through March 31, 2008."

C. Documentation to HRD

One package, to include the appraisal and award, is to be sent to HRD for each employee. Each package should contain the following documents and be stapled together in the following order:

- 1) Original AD-287-2, if an award will be given;
- 2) Original AD-435P signed and dated by the Rating and Reviewing Officials and the employee;
- 3) The employee's accomplishment report or supervisory justification (supervisory justification is required only when an employee's accomplishments are not available and the employee is being given a performance award);
- 4) A supervisory justification for an Unacceptable Rating, if appropriate; and
- 5) Original Performance Plan.

NOTE: Please submit the Employee Listing with organization's appraisal/award packages. Upon completion of appraisals, supervisors must document the listing (in space provided) indicating the date the appraisal was issued or a reason as to why it was not, i.e., employee's cycle was extended through (date) or employee reported (date) and will be rated next cycle, etc.

Please do not send Individual Development Plans (IDPs), training forms, lists of publications, or other management documents to HRD in this package. These are not required documents in the Employee Performance File and will not be filed if received.

Please send employee listings and all appraisal/award packages to the following address:

Theresa Bailey
USDA/ARS/Human Resources Division
Employee Development Performance and Recognition Staff
5601 Sunnyside Avenue, Room 3-1282D
Beltsville, MD 20705-5107

D. Due Date/Processing

Performance appraisals and award recognition should be timely if they are to be meaningful to employees. Timely appraisal and recognition of employees are also Human Capital initiatives for which USDA agencies will be held accountable through the President's Management Agenda Scorecard process. As a result, HRD will be monitoring the appraisal of employees closely. HRD requests your assistance in meeting the following due date by preparing early for the appraisal process.

- Appraisal/Award packages are to be received in HRD **no later than June 2, 2008.**
- **The latest date a QSI will be made effective is July 6, 2008.** A QSI will not be held for a Within Grade Increase (WGI) to be effective.
- In cases where an employee's QSI will affect their next WGI, HRD will contact Location/Area administrative staff to discuss whether a QSI or performance award would be beneficial to the employee.

Therefore, supervisors should consult with employees regarding recognition choices, especially in view of cutoff dates for QSIs. Once an AD-287-2 has been submitted and processed in the National Finance Center system, HR Assistants will not be able to cancel the award to process another.

Supervisors should consult applicable union agreements and comply with any time frames for the submission of performance appraisals and awards for bargaining unit employees.

Part II - Information for Managing the April 1, 2008 – September 30, 2008 Rating Cycle

A. Performance Plans

The first step of any performance cycle is to establish expectations for employees in the form of a performance plan. Plans should be established as early in the rating cycle as possible to ensure that employees are clear about expectations. The upcoming year is no exception. In fact, plans should be established as early as possible to account for the shortened period. We recommend that plans be established and communicated to employees no later than April 30, 2008. NOTE: Many supervisors prepare annual performance ratings and new performance plans, get them approved, and deliver them to employees at the same time. This is generally efficient for both first line supervisors and higher level approving officials, particularly where they are not co-located.

To the extent that both efforts can be completed by the end of April, no adjustment to your activities should be necessary. However, if you anticipate that completing and finalizing performance appraisals will take longer than the end of April, we recommend that performance

plans for the new cycle be developed, approved and delivered to employees as a separate, more-timely activity. We understand that some efficiency may be lost by handling these two activities separately. As a result, it will be a judgment call for each Area and Headquarters Staff to make.

B. Performance Expectations

In establishing expectations, consideration should be given to pro-rating annual performance measures for the shortened, 6-month period. Expectations related to 'quantity', in particular, should be adjusted for the shorter cycle. Supervisors may decide to use milestone indicators instead. For example, supervisors may set date or time-line milestones as indicators that appropriate progress on expectations is being made where final accomplishments will not be known before the end of the cycle.

C. Mid-year Reviews

Mid-year reviews should be scheduled earlier than previous years. Supervisors should aim to hold mid-years reviews between mid-June and early July, 2008, further underscoring the need to put performance plans in place as early in the rating cycle as possible.

D. Performance Ratings

The abbreviated rating cycle will end September 30, 2008. Performance ratings will need to be prepared and finalized during late October and November, 2008.

E. Performance Awards

Each Area and Headquarters Staff should revisit its performance award policy to see if temporary changes should be made for the transition cycle. Specifically, policies that grant a specific award amount or choice of award to employees based on the ratings they receive should be reviewed. Since the rating cycle will be 6 months rather than 12, and performance expectations will have been adjusted for the shorter cycle, it may be appropriate to pro-rate award amounts accordingly. In addition, we recommend consideration of 'suspending' (not offering) QSI's for the shortened rating cycle for the following reasons. First, as stated above, a shorter cycle will almost certainly require an adjustment of performance expectations. QSI's are the highest form of recognition allowed. Each office should consider whether QSI's are appropriate where performance expectations have been adjusted. Second, Outstanding employees who receive a QSI for the cycle ending March 31, 2008 WILL NOT be eligible for another QSI if rated Outstanding for the shortened cycle. One of the Federal government's criteria for QSI's is that an employee may not receive two within a 52-week period. Since QSI's for the cycle ending March 31 will be processed as soon as possible after HRD receives them (generally in May and June, 2008), 52 weeks will not have elapsed by late October or November, 2008 when the ratings and awards for the shortened cycle will be processed. In addition, HRD will not 'hold' QSI's, waiting for 52 weeks to pass as this will remove recognition too far from the accomplishments that support it. It will also compound delays in future years. We recommend that Areas and Staff Offices not already incorporating a 'time-off' award option in their policies consider doing so in order to provide an additional option for recognizing employees.

As we move forward through the cycle, HRD will issue reminders and additional guidance for managing performance during the shortened period.

Should you have any questions regarding the guidance in this memorandum, please contact Theresa Bailey on 301-504-1452 or your servicing Human Resources Assistant. Performance problems which may result in a less than fully successful rating should be referred to your servicing Employee Relations Specialist.

cc:

Area Director's Secretaries

DAD's Secretaries

AFM Secretaries

All HRD Employees